

TRUSTEES' OPEN MEETING MINUTES

PLACE: Funds Administration Conference Room/Lansing, MI

DATE: October 30, 2013

TIME CALLED TO ORDER: 9:01 a.m.
MOVED TO CLOSED SESSION: 10:39 a.m.
RETURNED TO OPEN SESSION: 11:13 a.m.
OPEN MEETING ADJOURNED: 11:15 a.m.

MEMBERS PRESENT:

Trustees: Douglas A. Green, Kevin A. Elsenheimer and Michael T. Reid

Assistant Attorney General: Dennis J. Raterink and Brian Galin

Funds Staff: Mark C. Long, Allison Kelly, Richard W. Smith, Janice Remer & Lavonne Blonde

PRESIDING PERSON:

Mark C. Long, Funds Administrator

RESPECTFULLY SUBMITTED:

Lavonne Blonde, Executive Secretary

#	TOPIC	MOTIONS/SECOND/AMENDMENTS MEMORANDUMS/LETTERS	SUMMARY/RESULT
1.	Open Minutes from August 28, 2013 Trustee Meeting.	August 28, 2013 Open Minutes. Motion by Kevin Elsenheimer to approve the open minutes of August 28, 2013 as written. Michael Reid supported.	Unanimous approval. Minutes approved.
2.	Financial Statements	July and August 2013 Financial Statements.	Mark Long advised that August's financial statements had been delayed due to questions on the CIS Support line item. Rick Smith and Diane Harger, our Departmental Specialist, reviewed and it appears we may have been undercharged in 2012 causing what appeared to be an overcharge in 2013. We will continue to keep an eye on this to be sure we are paying our proportionate share. Mark then briefly reviewed the Financial Statements noting the Second Injury Fund and Dust & Logging Fund were solvent and no issues to report. SISF currently has sufficient funding, however, long-term solvency issues will arise should we be found liable for the Delphi exposure. Douglas Green questioned if September's statements were completed and how will we account for any monies received specifically

			for Delphi. Mark advised that because of the delay
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2.	Financial Statements		<p>for Delphi. Mark advised that because of the delay in approving the August statements and with September being the end of the fiscal year, the September statements were not yet available. Once September's statements are approved, we will forward on to the Trustees. Mark also advised that we are working to set up separate accounting codes for Delphi monies, however, the DPH bankruptcy settlement has been placed into the SISF as the SISF made the claim against DPH. Rick Smith advised that we will put a footnote on the financials that indicates the amount stems from the DPH bankruptcy distribution.</p> <p>Trustees discussed.</p>
3.	Assessments	None.	<p>Mark Long advised that we are at 99.9% collected in assessments. We have 1 former self-insured employer with an outstanding balance of \$321.25 for all three funds combined and they have been turned over to the AG's office for collection. Brian Galin indicated that a letter has been sent and they have until the end of next week to respond.</p> <p>Trustees discussed.</p>
4.	AAG/SAAG Activity and Reports	August and September 2013 Litigation and Billing Reports.	<p>Brian Galin noted the case counts look good; we have 148 less file than we did at this point last year. SAAG case count has been reduced by 30% since last year.</p> <p>Trustees discussed.</p>
5.	High Profile Litigation Report	Report.	<p>Mark Long advised that Smitter and Beechler have dropped off the report since the last meeting and the changes in jurisdiction of the cases involving ACE. The status has not changed.</p> <p>Trustees discussed.</p>
6.	BOM & MCAC Outcome	Report.	<p>Mark Long noted Robert Smitter, Demario Davis and Dennis Johnson have been added to this report.</p> <p>Trustees noted.</p>

7.	Redemption Activity Report August 21, 2013 – October 23, 2013	Report.	<p>Mark Long asked if there were any questions on the redemption activity report, which is a report showing the settlements made within the Funds authority since the last trustee meeting.</p> <p>Trustees noted.</p>
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8.	Trammel Cases Update	Report.	<p>Mark Long reviewed a memo prepared by Ellen Feldpausch, Program Specialist, regarding the Trammel Outcomes/P & T Cases. The Funds has been dismissed on a majority of the cases but have paid on a few. Brian Galin added that he has not seen any new cases and the approach we took on these cases worked well.</p> <p>Trustees noted.</p>
9.	Claimant EFT IT Projects	None.	<p>Mark Long advised that the Agency promulgated a rule to allow payers to pay claimants via electronic funds transfer (EFT). We have a program in place but still need to do some testing in MAIN. The testing needs to be done in order to ensure that claimant payments remain exempt. Once the testing is done and the program is in place we will notify claimants. Douglas Green commented that he recently registered in MAIN and found the process extremely complicated. Mark indicated that we will help the claimants register in MAIN.</p> <p>Trustees discussed.</p> <p>Mark also advised that we are still working on the ability to accept assessment payments electronically via ACH Credit. Finally, Mark gave an update on the ability to collect indemnity electronically. The programming has begun but there is an issue with the project cost. We will continue to move forward and hope for it to be in place before the next indemnity reporting period.</p> <p>Trustee discussed.</p>
10.	Funds Move		<p>Mark Long gave a quick update that the Funds Administration is being relocated to the B-wing of the General Office Building. We will be sharing space with the Agency. We anticipate this move to happen around the first of the year.</p> <p>Trustees noted.</p>

11.	IAIABC/SIGFA Update	None. Motion by Kevin Elsenheimer to approve the cost of an annual membership to the SIGFA. Douglas Green supports.	Mark Long and Kevin Elsenheimer attend the IAIABC annual convention. The first couple days were spent with the SIGFA group, to learn what other states do and the second part of the week with the IAIABC. The information received from SIGFA is always beneficial and they support self-insurance in all states. Mark is requesting authority for the annual dues, due in December, of \$250.00 into SIGFA.
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11.	IAIABC/SIGFA		Trustees discussed. Unanimous approval.
12.	Delphi Legislation Update	None.	Mark Long advised that a meeting had been held with the MMA (Michigan Manufactures Association) and a presentation done for a Chamber of Commerce sub-committee regarding Delphi and proposed legislation. A meeting was also held at the Capitol with interested parties in the proposed legislation; the domestic automakers, MMA, Chamber of Commerce, MSIA, the Governor's office, Kevin Elsenheimer – representing the Department and the Agency, Susan Przekop-Shaw, Dennis Raterink, both from the AG's office and Mark. Concerns were expressed during this meeting regarding prior mistakes by the State, such as lack of security on Delphi and failing to file a contingent claim in the bankruptcy. Concerns were also raised regarding unknown second year exposure to the SISF on Delphi and the future handling of claims. Kevin Elsenheimer advised that a meeting had been held with John Nixon, the State Budget Director, regarding the availability of general fund money due to the lack of security on Delphi and another meeting is scheduled for next week with the Governor to discuss possibly securing general fund monies. Also discussed were the concerns the Group Self-Insurers have in paying the increased assessment as proposed in the legislation. The Trustees were also advised that a proposal was presented to the Groups to form a new Fund, Private Employer Group Self-Insured Security Fund (PEGSISF). In this proposal, the Groups would continue to pay the SISF assessment thru the increase period, at the end, they would no longer be required to pay into the SISF but into the PEGSISF as well as the SIF and SDDF. Kevin then indicated that as we are in the middle of the legislation process and rumors will be swirling; if you have any questions; please direct them to Kevin directly or thru Mark. We have good momentum but still have work to do to get this thru. There are ongoing discussions within the different factions as well as discussions regarding the long-term

			<p>exposure and who is best equipped to handle the claims. Mark mentioned the answer to the long-term exposure question is hindered by the fact that we've gone 4 years without updated claims data. It is impossible to know the exact total exposure without recent claims data. Recently, DPH approached the Funds in regard to taking possession of the claims files. Chapter 5 requires us to preserve the files by taking possession of the claims files from the employer along with the</p>
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12.	Delphi		<p>preserve the files by taking possession of the claims files from the employer along with the human resources files. We are in the process of obtaining those files both electronically and hard copy. Regarding the assessment amount at the MSIA Fall Conference Mark was made aware that the proposed increased assessment from 3% to 8% would be difficult for some employers to absorb in addition; a request was made to keep all money collected from the increased assessment separate from the rest of the SISF. Rick is currently working with Finance to create separate accounting for the increased assessment; it would have its own set of financials-. Dennis Raterink asked Mark to clarify that taking possession of the files does not mean we accept liability. Mark stated that the position of the SISF remains the same and that we are taking possession of the files- to preserve the records. Also, recently DPH ceased making payments to the remainder of their claimants; we have received some calls and have been advising the status of the claims and the Funds obligations.</p> <p>Trustees discussed.</p>
13.	Any Other Items Before the Board	None.	<p>Brian Galin thanked the Trustees for supporting his attendance to the NAAG Conference. It was very educational.</p> <p>Trustees noted.</p>
14.	Moved into Closed Session	Motion made by Douglas Green to move into closed session to discuss issues of trial or settlement strategy with Council and attorney-client privileged documents. Michael Reid supported.	Unanimous approval. Moved into closed session at 10:39 a.m.
15.	Closed Minutes from August 28, 2013.	<p>None.</p> <p>Motion made by Kevin Elsenheimer to approve the closed minutes from August 28, 2013 as presented in closed session. Michael Reid supported.</p>	Unanimous approval.

